



February 2011

HOW SMART ECONOMIC STRATEGY COULD STRENGTHEN THE AFGHAN COUNTERINSURGENCY

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Without question, the war in Afghanistan is a formidable challenge for the U.S. The success or failure of the counterinsurgency strategy that General Petraeus is implementing in Afghanistan will ultimately take years to determine. However, General Petraeus is absolutely correct on one critical point: there is no purely military solution in Afghanistan. Only through a truly comprehensive, whole-of-government approach, can the U.S. and its coalition partners succeed in Afghanistan.

A critical but often underappreciated aspect of a whole-of-government approach for Afghanistan is the development of its economy. Economic development can significantly reduce the tendency toward violence and foster reconciliation. Significant conceptual work has gone into this effort in recent years. Indeed, in September 2009 a U.S. State Department-led working group prepared a U.S. Economic Growth Strategy for Afghanistan. That strategy consisted of four pillars: job creation in the private sector; provision of basic services to the Afghan people; improving the infrastructure; and progress toward fiscal sustainability.

At the time, job creation was considered the most important of these. The hope was that the insurgency would weaken if enough angry young men got off the streets and into sustainable private sector jobs. This argument has merit, and some progress with job creation has been made. However, that progress has been far from strategically decisive in curbing the insurgency. Should policymakers rethink this economic strategy for Afghanistan?

At the Regional Economic Cooperation Conference on Afghanistan (RECCA) held in Istanbul from November 2-3, 2010, the Afghan government made its position on the subject crystal clear. In a paper entitled "The Silk Road Initiative (SRI)," President Karzai's top economic advisor, Sham Bathija, persuasively argued that more emphasis needs to be put on strengthening the infrastructure—not only within Afghanistan, but also regionally. Bathija is calling for a Eurasian regional trade and transport network.

An excellent proof of concept for this regional network is the Northern Distribution Network (NDN). When General Petraeus was the CENTCOM Commander, he

originally developed the NDN to help the U.S. military move nonlethal supplies through Central Asia and into Afghanistan. NDN should be seen as a successful first phase in a regional transport and trade network that not only promises to boost regional commerce in Central Asia but could actually reestablish Afghanistan's traditional role as a transportation and trade hub linking Europe, the Mideast, and Asia.

At the moment, Afghan businessmen lack access to physical markets. No matter how productive Afghan farmers become, they are currently incapable of transporting their goods to the marketplace inside Afghanistan or outside the country. Therefore, their increased production simply piles up in larger stockpiles of rotten fruit. By building more roads and railways, Afghan goods will not only flow through Afghanistan, but from Afghanistan. Additionally, Afghanistan's abundant mineral wealth and agricultural products will also have access to regional and global markets. Once a regional transit network is in place, Afghanistan's entrepreneurial younger generation can find its niche in the new dispersed global production system, because of the lower barriers to entry that dispersed production chains provide.

In essence, building more roads and railways becomes a strategic enabler or catalyst that will jump start the other three pillars of the U.S. economic strategy. Take the first U.S. pillar: job creation. Improving Afghanistan's infrastructure creates jobs in the construction industry. It also has a multiplier effect, stimulating job creation in the private sector. The potential is akin to that of President Eisenhower's Interstate Highway System, where the ability to quickly transport, for example, oranges from Florida to Boston spurred not only agricultural industry growth, but also jobs at gas stations, restaurants, and motels along the route.

Consider the second U.S. pillar: extending more basic services to the Afghan people. All of these new jobs, new businesses, and regional transit fees will boost revenues in Afghanistan. Rising revenues will help the Afghan government provide more basic services such as education and health care to its people. And as the Afghan workforce becomes healthier and better educated, its workers will become more productive, thus boosting potential GDP.

Finally, let's turn to the last U.S. pillar: progress toward fiscal sustainability in Afghanistan. Rising revenues from new jobs, businesses, and regional transit fees will enable the Afghan government to fund more of its core budget and make more dramatic progress toward fiscal sustainability. As the Afghan government funds more of its own activities, it can responsibly shift from that of a donor dependent economy to a more self-reliant export-led economy.

While the hard core Taliban in Afghanistan will still require kinetic responses, the economic development in Afghanistan that the Bathija Silk Road Initiative would create can be a decisive factor in our counterinsurgency efforts there. Improved opportunity and quality of life within Afghanistan will reduce the probability of violence, provide viable alternatives to potential insurgents, and burgeon hope within the Afghan people—a reason for them to side with their government against those who they recognize offer only oppression and destruction.

Admiral James Stavridis, Supreme Allied Commander in Europe (SACEUR), has recently joined General Petraeus as an enthusiastic champion for a Modern Silk Road Strategy and Eurasian economic interdependence. Support coming out of Europe for regional economic integration is understandable and has a more recent precedent than the Old Silk Road. Jean Monnet's European Coal and Steel Community helped turn traditional enemies (such as France and Germany) into friends, because common business ties soon outweighed lingering security concerns.

Similarly, Bathija's Silk Road Initiative can lead to positive economic interdependence among internal stakeholders in Afghanistan, as well as external stakeholders throughout Eurasia. That in turn can reduce the demand for violence. Indeed, the many challenges in Afghanistan and in the region are integrally related—and shared prosperity and stability can help us address them all. A regional transport and trade network is therefore a must—a vital part of a comprehensive counterinsurgency strategy in Afghanistan.

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